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GOVERNMENT OF PAKISTAN

# PLANNING COMMISSION

# OBJECTIVES

OF

# THE SECOND FIVE YEAR PLAN

## (1960-65)

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# THE PRESIDENT'S MESSAGE

I place before you, the people of Pakistan, a statement of the objectives of the Second Five Year Plan prepared under my orders by the Planning Commission. I would like you to consider it and to comment upon it.

You will observe that the statement is both frank and modest. No great achievements are claimed for the past; no exaggerated goals are set for the future. Successful planning must be an exercise in realism. The intrusion of wishful thinking must necessarily be resisted. If the past has not produced what was hoped for, no good will come from blinking that fact. Better far to find out where the error was and how it can be corrected. Some factors which led to unsatisfactory performance were outside our control; others were well within it. Both must be recognised as such, examined carefully and assessed critically. Self-knowledge remains for the nation, as for the individual, the first step in wisdom.

Good planning must endeavour to promote the welfare of the people and to raise the standard of living of the common man. In a country such as ours, the least that we must aim at is to ensure that everyone of us has two square meals a day, sufficient clothing to meet essential needs, and reasonable shelter.

Of the many problems with which our country is faced, none seem to me more important than these two: low agricultural production and high rate of population growth. These are basic. No amount of success in other spheres will be able to compensate for lack of success in these. Without a substantial increase in agricultural production, especially in the production of foodgrains, and without holding the population at a reasonable level, neither will the essential needs of our under-privileged people be met nor their general standard of living raised. In the race between food supply and a progressively growing population, we know who the loser will be. At best, we may find that we may have to run twice as fast in order merely to stay where we are. Family planning is a long-term process, so the sooner we address ourselves to it, the better.

To bring about an increase in agricultural production, it is not enough to put into operation the labour of the farmer. Much more than that is involved. The skills of the agricultural expert, the extension

worker, the credit machinery, the marketing organization and the water and power engineer must be mobilized in aid of the effort of the farmer. Side by side with agricultural development must proceed selective development of industries, particularly the small scale and cottage industries. It is primarily through the extension of small scale and cottage industries that our vast under-employed and un-employed population will be enabled to participate actively and to good purpose in the development effort of the country.

The objectives of the next Plan set out in the statement are, I think, realizable if we all are prepared to work hard and with determination. All of us who live in this land wish, I am sure, that its future may be better than its past and that it may march swiftly and steadily forward to a proud position among the nations of the world. Not without strenuous toil and effort can the goals described in the statement be realised. In this immense and onerous task, it is essentially the people who must play their part, each man working with the utmost will, intelligence and energy for the attainment of our common good. It must be the responsibility, as indeed it is the purpose, of institutions of basic democracy, which are to be created shortly, to undertake and carry forward the vast developmental effort that is needed to set our country firmly on the road to progress. Administrators, too, must play their part in this high adventure. We are today engaged in recasting our administrative structure at all levels with the primary object of facilitating the economic reconstruction of our country. Administrators will henceforward have far greater opportunities to do their duty by the people. They must make use of these opportunities with resolute devotion.

In seeking to accomplish the task that lies before us, difficulties there will certainly be. The forces of nature are not always benevolent, nor are world conditions always favourable. But we are a hardy and strong people, and not to be daunted by difficulties. Let us not expect miracles, but let us go ahead in the deep conviction that those who strive hard will receive their reward. The steady pull, the long pull, and we shall be past the post in good time. May God help us in achievement of these goals.

MOHAMMAD AYUB KHAN, HP, HJ,
General,
President.

23 July, 1959.

# STATEMENT
# OF
# OBJECTIVES OF THE SECOND FIVE YEAR PLAN

The objectives of the Second Five Year Plan must be considered against the background of the objectives laid down in the First Five-Year Plan, the actual performance under that Plan and the future requirements of the country.

*Objectives of the First Five Year Plan*:—The First Five Year Plan aimed at quickening the pace of economic development by building up the infra-structure of the economy to provide the starting point for continued growth.

The Plan aimed at increasing the national income by 15 per cent. This was to be achieved largely by increasing agricultural and industrial production, and by providing irrigation, power, transport and communication facilities and other services required for production. Agricultural production (in terms of money-value at constant prices) was expected to increase by 13 per cent, including 9.3 per cent increase in foodgrains production, making the country self-sufficient in food by the end of the Plan period. Irrigation, drainage, flood regulation or reclamation facilities were to be provided to bring 1.8 million acres of new land under irrigation and to reclaim from salinity and waterlogging, or to improve water supply of another 5.1 million acres of land. Industrial production was expected to increase by 75 per cent. With the anticipated increase in population, an increase of national income by 15 per cent would have resulted in an increase of 7.5 per cent in per capita income.

The Plan stipulated a substantial improvement in the balance of payments. The aim was that the foreign exchange earnings in the last year of the Plan should exceed the requirements of essential imports for non-development purposes (excluding food) by about Rs. 20 crore, which should become available for utilisation for development purposes.

The Plan estimation was that as a result of the increase in population, the labour force would increase by about 2 million. Although no precise estimate of the new job opportunities to be created during the Plan period was prepared, it was considered that as a result of the implementation of the Plan, employment opportunities would roughly increase to the same extent as the increase in the labour force. This implied that there would be neither a deterioration nor improvement in the pre-Plan unemployment and underemployment situation.

The Plan provided for a steady, though not spectacular, development in quantity as well as quality of education, health, housing and social welfare facilities. It was expected that a number of existing institutions in the social sector would be improved and new institutions would be established, and that in this sector a sound foundation would be laid for more rapid progress in the future.

The Plan attached particular importance to the development of relatively less developed areas in the country and made detailed recommendations about the creation of conditions to enable these areas to undertake larger development programmes than in the past.

The Plan was designed to increase the technical and organisational resources of the country and to bring about the institutional changes necessary for the implementation of the development programmes.

It was estimated that the implementation of the Plan would require an expenditure of Rs. 1080 crore (Rs. 10,800 million): Rs. 750 crore (Rs. 7,500 million) in the public sector and Rs. 330 crore (Rs. 3,300 million) in the private sector.

*Achievements under the First Plan* :—The first four years covered by the First Plan are over, and the Plan is now in its fifth and last year. It is not possible at present to make a firm estimate of the accomplishments that will be reached by the end of the Plan period. Fairly clear indications are, however, already available of the likely achievements and failures.

It is estimated that the development expenditure during the Plan period would be somewhat less than the Plan estimates; the likelihood is that the Plan would be fulfilled to the extent of about 90 per cent in financial terms. However, in physical terms the actual accomplishments will fall considerably short of the Plan targets. Several factors have contributed to this result. Factors which were beyond control included adverse or less favourable weather conditions during three out of four years of the Plan period; very serious worsening of the terms of trade; and upward revision of estimated project costs owing to rise in world prices. Factors which were controllable were, principally, increase in consumption both in the public and private sectors, injudicious and often incompetent utilisation of external and internal resources, and the non-observance of the discipline of the Plan to the necessary extent. In general, the performance under the Plan has been unequal in different sectors. Some sectors have done better than others.

The national income is expected to increase by the end of the Plan period by about 10 per cent against the Plan target of 15 per cent. The rate of population growth during the Plan is now estimated at 1.6 per cent per annum, as against the Plan estimate of 1.4 per cent per annum. A 10 per cent increase in national income, therefore, means a negligible increase in per capita income.

The deficiency in national income is largely attributable to failure in the agriculture sector. Agricultural production is likely to increase by about 6 per cent compared with the Plan target of 13 per cent. The production of foodgrains has been far below the Plan target, which has necessitated large-scale imports of food. The implementation of the water and power projects is behind schedule.

Investment targets in the field of industry are not likely to be reached but there has been a measurable increase in industrial production in spite of the fact that a substantial part of the installed industrial capacity remains idle. Industrial production would have substantially exceeded the Plan expectations if the imported raw material and spare parts required for optimum utilization of capacity had been available.

Considerable progress has been made in the field of transport and communications; carrying capacity of the railways and the handling capacity of the ports have been substantially increased. A number of ships have been added to the merchant fleet, which can now handle the entire coastal traffic of the country. Road mileage has increased. Inland water transport has, however, made little progress.

The balance of payments position has deteriorated. Export earnings, instead of increasing, have actually declined. This has been due partly to the failure to increase production of exportable goods and particularly to the fall in world prices of some of the exports. Foreign exchange earnings have fallen short of the minimum essential non-development import requirements. The expectation of allocating a surplus to development purposes has not, therefore, been fulfilled.

Reliable information about the increase in employment opportunities is not available. Such estimates as are available indicate that the new job opportunities have fallen short of the Plan expectations.

Development in the social services sector of education, health and social welfare has been much smaller than the Plan targets. Expenditure on housing has been substantial, particularly in the private sector, but this has largely been on construction of relatively high cost housing rather than on provision of housing accommodation for the lower income groups.

The shortfall in the implementation of the Plan is likely to be much greater in East Pakistan than in West Pakistan.

*Objectives of the Second Five Year Plan* :—In broad terms, the economic and social objectives of the Second Five Year Plan will be to promote the welfare of the people and raise the standard of living of the common man by developing to the utmost the resources of the country ; by making provision for the basic necessities of life, namely food, clothing and shelter, to meet at least the minimum requirements ; by providing increased educational and health facilities and opportunities for gainful employment ; and by securing social justice.

The Plan will endeavour to carry forward and accelerate the momentum of development gained during the First Plan period, to overcome the inadequacies of achievement during that period, and to ensure a decisive advance towards the establishment of a self-reliant and self-sustaining economy.

To enable the country to reach the stage of self-generating growth within a measurable period of time, the Second Plan will aim at increasing the national income by 20 per cent. In view of the projected increase in population of about 9 per cent during the Plan period, this will mean an increase of about 10 per cent in *per capita* income. A part of the additional income should be saved and invested and a part should go towards improving the living standards of the people. If self-generating economic growth is to be achieved within a reasonable period, the minimum rate of increase in national income must be 20 per cent during the Plan period, rising by another 25 per cent during the Third Plan period and another 30 per cent during the Fourth Plan period.

A 20 per cent increase in national income would be possible only if necessary conditions are created for a substantial increase in agricultural and industrial production.

The Plan will aim at increasing agricultural production very substantially, including increase in foodgrains production of a level to achieve self-sufficiency. This will require a major effort : effective agricultural programmes and administrative policies to execute the programmes will have to be established ; increased provision and utilisation of fertilisers, pesticides and other aids to agriculture will have to be undertaken ; consumption will have to be held at a reasonable level ; and about 11 million acres of land will have to be provided with new or improved irrigation, drainage, flood control or reclamation facilities.

The Plan will aim at increasing industrial production by about 50 per cent compared with the level of production reached by the end of the First Plan. Provision will be made for optimum utilisation of existing capacity and substantial additional investments for balancing and modernising existing capacity. New capacity will be established where it demonstrably and substantially earns or saves foreign exchange or is based in the main on the use of indigenous raw material. Basic industries will be encouraged where economically feasible. Special emphasis will be placed on the development of small scale and cottage industries, both because of their intrinsic merits and because of their employment potential. In particular, those major industries will be encouraged which stimulate agricultural development or which support small scale and cottage industries. Private investment in industry will be given maximum encouragement.

The Plan will recommend, apart from acceleration of completion of on-going projects, the promotion of additional development of water and power resources. Works to be carried out in connection with the Indo-Pakistan Canal Water Dispute will require special treatment.

The Plan will aim at ensuring that transport keeps abreast of increasing development requirements. This will entail large investments in railways, roads, road transport, inland water transport, ports and shipping.

The Plan will endeavour to reduce economic disparities between East and West Pakistan and stimulate development in other relatively less developed areas. It should also be recognised that the existing economic disparities cannot be removed in a single plan period. The Second Plan should be regarded only as a first step towards the achievements of this objective. While creating the economic and social overheads which are a pre-condition of development, the Plan will aim at achieving an appreciable increase in the *per capita* income in East Pakistan and other less developed areas during the Plan period.

On the assumption that population will increase by 1.8 per cent per annum it is estimated that the labour force in the country will increase by about 2.6 million during the Plan period. In addition there will be a backlog of unemployment and underemployment at the end of the First Plan, which it has not been possible to estimate with reasonable exactitude. To provide for the additions to the labour force, and also to cover the backlog at least partially, the Plan will aim at providing employment opportunities for 3 million persons. This will be an extremely difficult task and will require a vigorous effort to use human resources on labour intensive projects such as agricultural and irrigation improvement works, road-building, housing and small scale industries.

The present foreign exchange earnings of the country are not sufficient to meet the non-development import requirements of the economy. The Plan will endeavour to recommend measures for the achievement of a balance between foreign exchange earnings and essential non-development imports. The attainment of this balance will require much effort. In particular, agricultural and industrial development will have to be stepped up, especially with a view to increasing the production of exportable goods and of import substitutes.

The development of social services suffered much neglect during the First Plan. The Plan will suggest measures to make up this deficiency; and since manpower is the greatest resource of a country, the Plan will recommend the creation of increased opportunities for the development of this resource.

Education will be accorded a high priority. Institutional facilities will be expanded, and particular emphasis will be laid on technical and vocational education.

Health and social welfare facilities will be reorganized and expanded. The Plan will recommend improvements in the living and working conditions of the workers, and suggest provision of a measure of social security.

Housing facilities (particularly for lower-income groups) will be increased, although it will not be possible to eliminate housing shortage in the near future.

The Plan will stress the necessity of keeping in check the tendency towards an increase in inequalities in the distribution of wealth through judicious and appropriate policies and by enlarging economic opportunities for low income groups.

The First Plan assumed that the rate of population growth will be 1.4 per cent per annum. There is evidence that this was probably an under-estimate. The subject is under careful study. The present indications are that the rate of population growth during the First and Second Plan periods will be 1.6 per cent and 1.8 per cent per annum respectively. So far the fruits of economic development have been almost completely absorbed in maintaining an increasing population. The Plan will recommend measures for arresting the menacing growth of population.

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